



# **A Matter of Principle**

## **China's Status in International Climate Negotiations**

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# Table of Contents

<b>Executive Summary</b>	<b>5</b>
<b>1. Introduction: a matter of principle</b>	<b>6</b>
<b>2. China's Developing Country Status in the UNFCCC: what is it and why does it matter?</b>	<b>8</b>
<b>3. China's level of development and contribution to global climate change</b>	<b>12</b>
3.1 China's economic development	12
3.2 China's emissions profile	13
3.3 China's climate policy objectives and what motivates them	17
3.4 Looking forward	19
<b>4. China's international climate engagement</b>	<b>20</b>
4.1 China's shift to global climate leadership	20
4.2 China's bilateral climate engagements	21
4.3 China's ambiguity in climate finance	23
<b>5. Developing country status is a part of Chinese identity</b>	<b>24</b>
5.1 China's ideological attachment to developing country status	24
5.2 Trading privileges at the WTO?	26
5.3 Developing country status in other international environmental regimes	27
5.3 Developing country status as ideological interest	27
<b>6. Developing Country Status as asset and liability to China in the UNFCCC</b>	<b>29</b>
6.1 Clinging to a privilege or grouping?	29
6.2 Developing country status being questioned	30
6.3 Impact of US withdrawal on China's role in the UN climate talks	30
6.4 China missing out on great power status and investment benefits?	31
<b>7. Conclusion. Implications and policy recommendations for the EU and the Netherlands</b>	<b>333</b>
7.1 A matter of principle: settling for less?	36

## Executive Summary

China shows two faces to the EU in international climate talks. On the one hand, China is a natural ally of the EU. It is in the EU's and China's joint interest to reduce dependency on fossil fuel imports and empower the global energy transformation that is spurring cooperation and support for multilateral climate commitments. On the other hand, a bone of contention splits the two as was evident most recently at the EU-China Summit of July 2025 and the UN climate negotiations in Belém in November 2025 (the Conference of the Parties, COP). China insists on maintaining a developing country status in international climate talks, whereas Europe increasingly considers it an economic superpower. Where interests converge, this matter of principle – is China a developing country, and who gets to decide? – stands in the way of cooperation.

This research explores why China sticks to its developing country status, analyses how China uses its status in its climate diplomacy and suggests ways in which the Netherlands and the EU can address the issue. The aim is to assess the real meaning of this status for China's positioning in the United Nations Framework Convention on Climate Change (UNFCCC), the main international forum to address climate change, and other international fora, such as the World Trade Organization (WTO). It recommends the Netherlands and the EU consider to:

- Push for alternative climate financing mechanisms and manage expectations towards the global alliance of developing countries (G77) and China and the UN as such.
- Use the upcoming debate on UN reform to open up the debate on developing country status.
- Address the developing country status of other countries, like Saudi Arabia, South Korea, Singapore and the United Arab Emirates, or Colombia, first, on a basis of direct and open discussion, exploring potential advantages to changing status.
- Amplify the voice of other developing countries and NGO's that make the case that climate finance should go to least developed countries and that South-South cooperation could be expanded with this aim in mind.
- If the EU is going to use international offsets as part of its 2040 emission reduction target, exclude offsets in China and considers whether credits resulting from projects developed by Chinese investments in other countries qualify.
- Point out to Chinese counterparts how China's exemptions to hard commitments on climate action and finance undermines support for climate action, finance and multilateralism in the Netherlands and the EU, whereas all have an interest in global energy transition.

# 1. Introduction: a matter of principle

China's clinging to the status of developing country (DC) in international climate diplomacy clashes increasingly with the popular perception in the Netherlands and indeed many European countries that China is a superpower. China boasts its technological prowess, including in sustainable innovation and the energy transformation, and courts European countries and companies to cooperate on that premise; yet in climate diplomacy, it positions itself as the vanguard of the Global South against the 'old imperial West'.

Why? Is it simply dragging its feet to avoid taking on more global responsibility for the fight against climate change? Is it playing on the European conscience, emphasizing the duties of 'the West' whilst stoking anti-Western sentiments amongst 'the Rest'? Does it matter – and if so, how should the Netherlands and the EU address the issue of China's status?

To China, this report will argue, the DC-status – and the right to determine for itself by which nomenclature it is known – is not a matter of interest, but of principle. This creates a paradox: China is likely to cling to the status in climate diplomacy but might be open to discuss the benefits attached to it. This is perhaps best illustrated by the recent move by Premier Li Qiang that China who announced China is willing to cede its claim to benefits available to developing countries in trade negotiations under the WTO, as it 'will not seek any new special and differential treatment in the current and future World Trade Organization negotiations.'<sup>1</sup> As in trade, in climate diplomacy, it may cede the benefits, but not the status.

In Europe, patience with China's principled insistence on its status is wearing thin – and yet the imperative to cooperate remains, a tension that was also visible at the latest COP in Belém. The issue at hand is not one of ethics per se, but one of tactics: how can the EU and the Netherlands address this matter? It will consider the increasingly felt need to address the issue, the enduring need for cooperation, the underlying principles and real interests motivating China's posture, and European partners' decreasing willingness to accommodate EU preferences? In short: as China clings to its DC-status as a matter of principle, the Netherlands and the EU should think pragmatically about how and to what extent they pursue their principled opposition to it.

This report is written in a context of rising geopolitical tensions, where the EU and China take different positions. Economically, they are both collaborators and competitors, with the EU aiming to de-risk unwarranted dependencies on China that persist in specific fields, such as rare earths. Climate change is often referred to as areas where cooperation can still prevail, but the EU-China Summit in July 2025 and COP30 in Belém illustrated that tensions exist too, particularly regarding clean technologies.<sup>2</sup> Chinese companies increasingly dominate European markets for, for instance, solar panels and electric vehicles, but European producers consider this unfair given the high levels of state-backed support Chinese companies receive. Nevertheless, there is a shared interest in lowering foreign fossil energy dependencies through

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<sup>1</sup> 'China opens way to WTO reform by ceding future 'developing country' benefits', Financial Times, 24 September 2025.

<sup>2</sup> "EU-China summit, 24 July 2025," Council of the European Union, accessed September 24, 2025; Yuchen Li, "EU-China summit exposes deepening tensions," DW, July 25, 2025.

energy transition, and both the EU and China are committed to policies mitigating climate change.

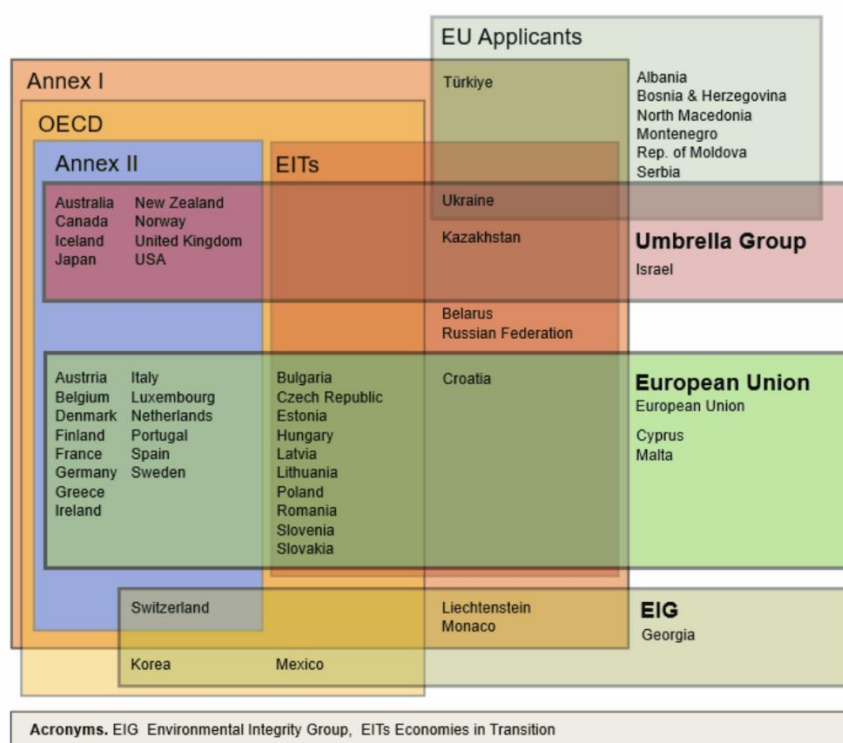
The analysis presented in this report is based on a review of relevant literature, both in European languages and Chinese, as well as 8 selected background interviews with experts. It starts with a short historic overview of China's DC-status in the UNFCCC (chapter 2); followed by an analysis of China's level of economic development and contribution to climate change (chapter 3); China's multilateral and bilateral climate financing engagements (chapter 4); the ideological dimension of China's developing country status (chapter 5); the status as asset and liability for China in the UNFCCC (chapter 6); and how the EU and the Netherlands could go about addressing the issue (chapter 7).

## 2. China's Developing Country Status in the UNFCCC: what is it and why does it matter?

Ever since the United Nations Framework Convention on Climate Change (UNFCCC) was agreed at the Rio Summit in 1992, the international climate regime differentiates responsibilities between Annex I and non-Annex I countries.<sup>3</sup>

Annex I includes both countries being (at that time) members of the Organisation for Economic Co-operation and Development (OECD) and countries with economies in transition, back then those countries of the former Soviet Union bloc. It has a subcategory called Annex II for the 'richer' OECD countries. Non-Annex I refers to developing countries, that today largely negotiate through the G77+China-grouping. Non-Annex I countries were initially exempted from greenhouse gas emissions reduction or limitation targets and from providing climate finance contributions to support developing countries with their mitigation and adaptation efforts.<sup>4</sup> Reporting on domestic climate action was furthermore voluntary and only to be delivered when funding was provided by Annex I countries.

**Figure 1: Annex I Countries**



Source: "List of parties to the United Nations Framework Convention on Climate Change," Wikipedia

<sup>3</sup> "Parties to the United Nations Framework Convention on Climate Change," United Nations Climate Change, accessed August 1, 2025.

<sup>4</sup> See for example: "Kyoto Protocol," European Commission, March 4, 2004; "United Nations Framework Convention on Climate Change," United Nations, accessed August 1, 2025.



The distinction between Annex I and non-Annex I was a practical operationalization of the principle of Common but Differentiated Responsibilities (CBDR). This principle was first included in the Rio Declaration of 1992. Under the UNFCCC it is included as a notion and reflects the understanding that countries have historically contributed unequally to climate change, and therefore bear different levels of responsibility for addressing it. The addition of Respective Capabilities (CBDR-RC) was added to illustrate that countries with more means should do more to reduce emissions and to finance climate action.<sup>5</sup> However, rather than defining criteria for when such capabilities are achieved, a system of self-identification was used.

In the Kyoto Protocol of 1997, the distinction between Annex I and non-Annex I countries was essentially kept intact. Annex II countries were assigned emission reduction targets and expected to contribute climate finance. Countries with economies in transition, that nowadays include EU member states that joined after 1997, such as Poland, received targets that were easy for them to meet and were not expected to contribute to climate financing, whereas the non-Annex I countries were exempted from all commitments. When elected at the end of 2000, for US President Bush, the lack of an emission reduction obligation for emerging economies, notably China and India, was a reason to not seek ratification of this Protocol. Bush considered this exemption unfair given the economic competition the US faced by these countries.<sup>6</sup>

In the years thereafter, the firewall between the developed countries and the G77 and China became more problematic for negotiating a new agreement.<sup>7</sup> The self-identification system prevented countries from migrating from one group to the other, thereby keeping privileges related to the DC-status. This applies not only to China but also to countries such as Saudi Arabia and Singapore (see Figure 2 for an overview of Annex I and II parties on the world map).

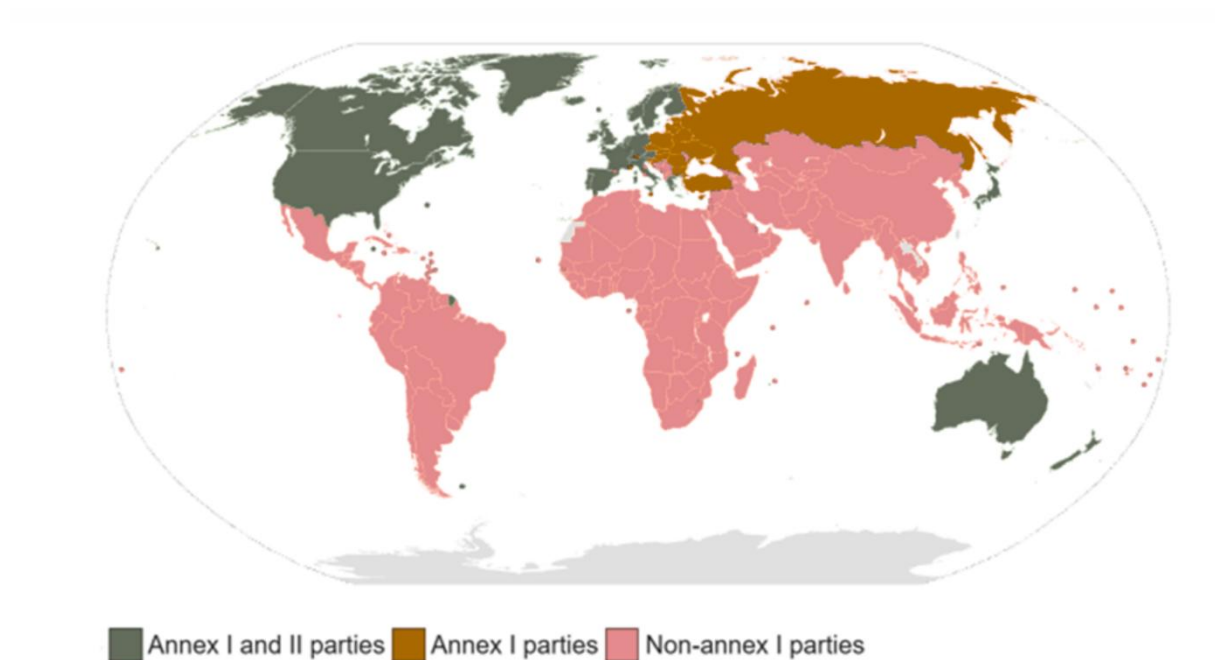
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<sup>5</sup> Gracia Marín Durán and Joanne Scott, “Global EU Climate Action and the Principle of Common but Differentiated Responsibilities and Respective Capabilities,” EUI, February 2024.

<sup>6</sup> Matthew C. Nisbet, “Bush: Climate Action Means Unfair Economic Burden on Americans,” *Big Think*, August 16, 2010.

<sup>7</sup> Pauw, P., Brandi, C., Richerzhagen, C., Bauer, S., & Schmole, H., “Different perspectives on differentiated responsibilities: a state-of-the-art review of the notion of common but differentiated responsibilities in international negotiations,” *Deutsches Institut für Entwicklungspolitik* 6 (2014).

**Figure 2:** Map of Parties to the UNCFCCC



Source: “[List of parties to the United Nations Framework Convention on Climate Change](#),” Wikipedia

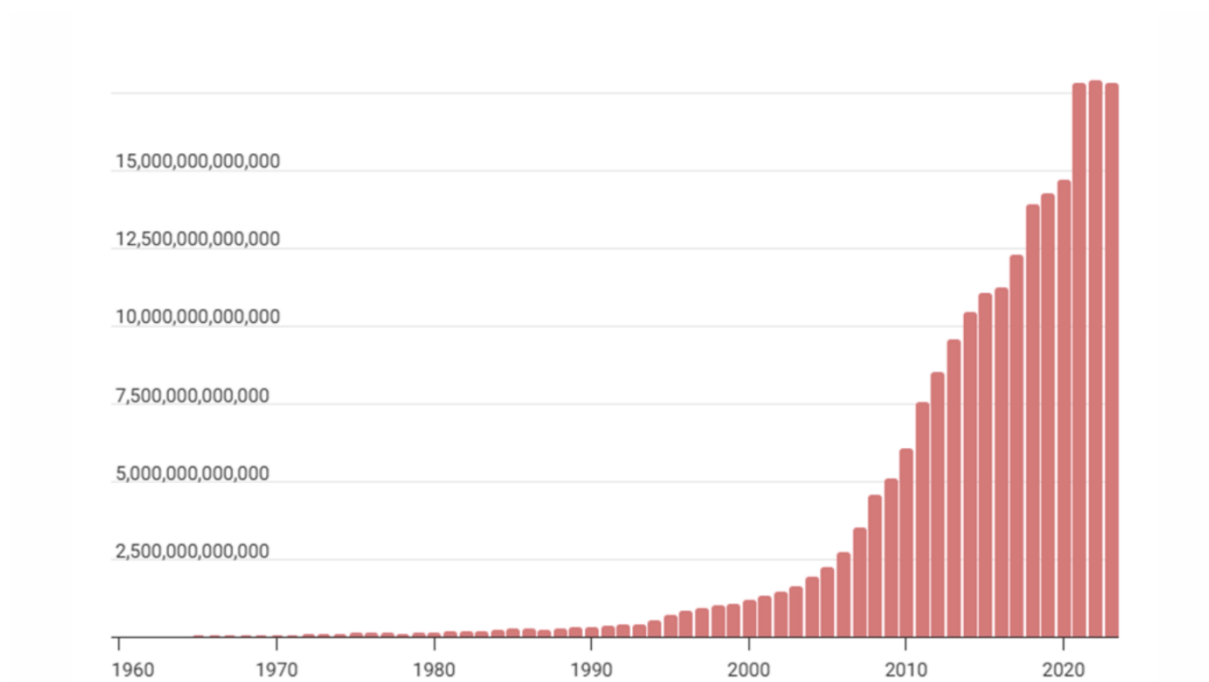
Under the 2015 Paris Agreement the system changed with a shift to climate action based on Nationally Determined Contributions (NDCs): a country’s climate action plan that ‘outlines how it plans to reduce greenhouse gas emissions to help meet the global goal of limiting temperature rise to 1.5°C and adapt to the impacts of climate change.’<sup>8</sup> NDCs are universal, meaning developing countries also need to formulate them, bound by the parameters of ‘progression’, ‘highest possible ambition’ and ‘CBRD-RC’. Developed countries ‘should continue to take the lead by undertaking economy-wide absolute emission reduction targets’, with developing countries being ‘encouraged’ to move over time towards such targets, which China did in 2020 and updated in 2025.

China’s status as a developing country under international climate agreements has over the past decade become increasingly contentious. Indeed, it is difficult to reconcile this status with China’s rapid economic growth – the country currently being the world’s second-largest economy – its position as a major power on the international stage, and its role as the largest absolute emitter of greenhouse gases. Despite China voluntarily supporting clean tech developments abroad and having set targets, it remains exempt from providing climate finance and is not required to report on such contributions.

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<sup>8</sup> “[All About the NDCs](#),” United Nations, accessed August 1, 2025.

**Figure 3:** China GDP (US \$)



Source: “China GDP | Historical Data | Chart | 1960-2023,” Macrotrends

At the same time, the EU and individual EU member states, such as the Netherlands, have faced considerable criticism from the G77 and China, as well as climate NGOs, for not providing enough climate financing.<sup>9</sup> From their perspective, developed countries fail to live up to their responsibilities. For the EU states, it is increasingly difficult to justify climate finance spending to European electorates, especially now the US no longer takes part in international climate agreements, and pressure is rising to spend on other urgent needs – most notably Europe’s defence. In this context, China not having to contribute to climate finance is a hard sell to the general public.

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<sup>9</sup> As was for example the case during the climate negotiations at the COP29 summit in Baku: Kate Abnett, Valerie Volcovici and Karin Strohecker, “Developing nations blast \$300 billion COP29 climate deal as insufficient,” *Reuters*, November 24, 2024.

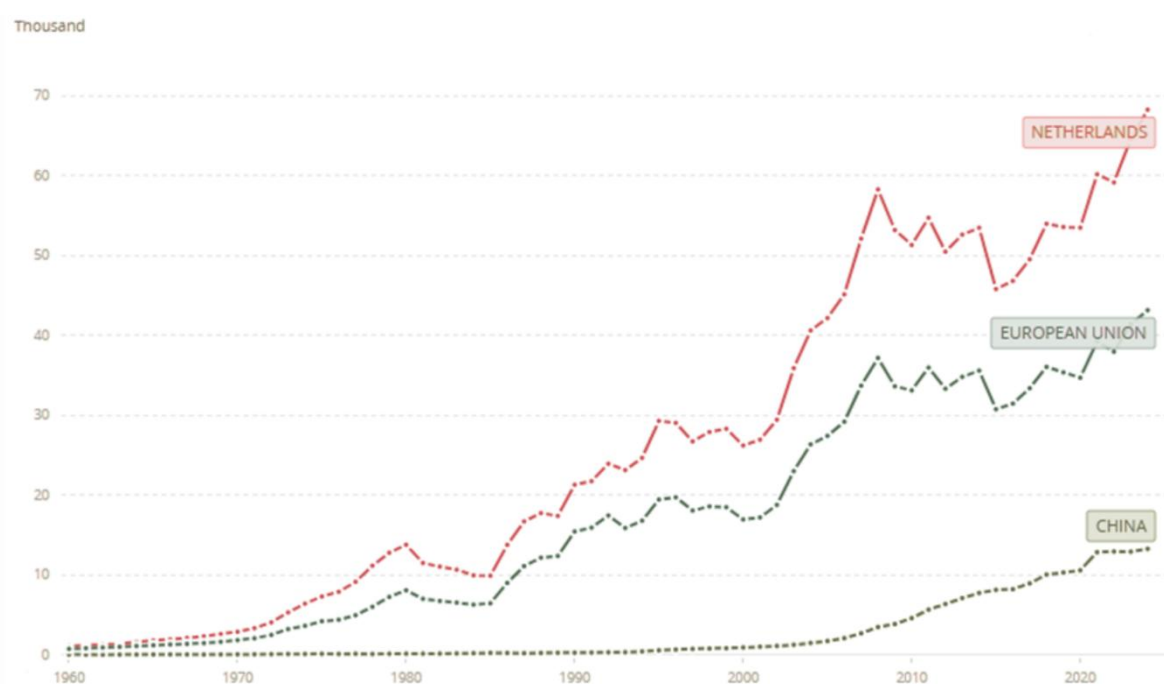
### 3. China's level of development and contribution to global climate change

China's status as a developing country under international climate agreements has over the past decade become an increasingly contentious issue. But, in real terms, what is China's level of development and what are its contributions to global emissions? This chapter examines the evolution of China's emissions profile and its climate policy objectives.

#### 3.1 China's economic development

China has a relatively high income compared to other developing countries. According to the World Bank, which classifies low-, middle-, or high-income economies based on a country's gross national income (GNI) per capita, China is en route to pass the threshold of high-income economy (namely, 12.9448Euros in 2025), sometime in the upcoming few years.<sup>10</sup> In 2024 China's per capita GDP approached 12.300 Euros,<sup>11</sup> whereas the per capita GDP of the EU was more than 39.700 Euros and of the Netherlands some 63.000 Euros (see Figure 4).<sup>12</sup>

**Figure 4:** GDP per capita (current US\$) - China, Netherlands, European Union



Source: "GDP per capita (current US\$) - China, Netherlands, European Union," World Bank

When adjusted for purchasing power, the gap between the EU/NL and China partially decreases but nevertheless remains considerable. There is, moreover, a difference in wealth in China, with people living in the coastal cities having much higher incomes than Chinese living in the countryside. Although the Chinese government announced in November 2020 that China had

<sup>10</sup> "World Bank Country and Lending Groups," World Bank, accessed August 1, 2025; "GNI per capita, Atlas method – China," World Bank, accessed August 1, 2025.

<sup>11</sup> "GDP per capita – China," World Bank, accessed August 1, 2025.

<sup>12</sup> "GDP per capita – European Union," World Bank, accessed August 1, 2025; "GDP per capita – China," World Bank.

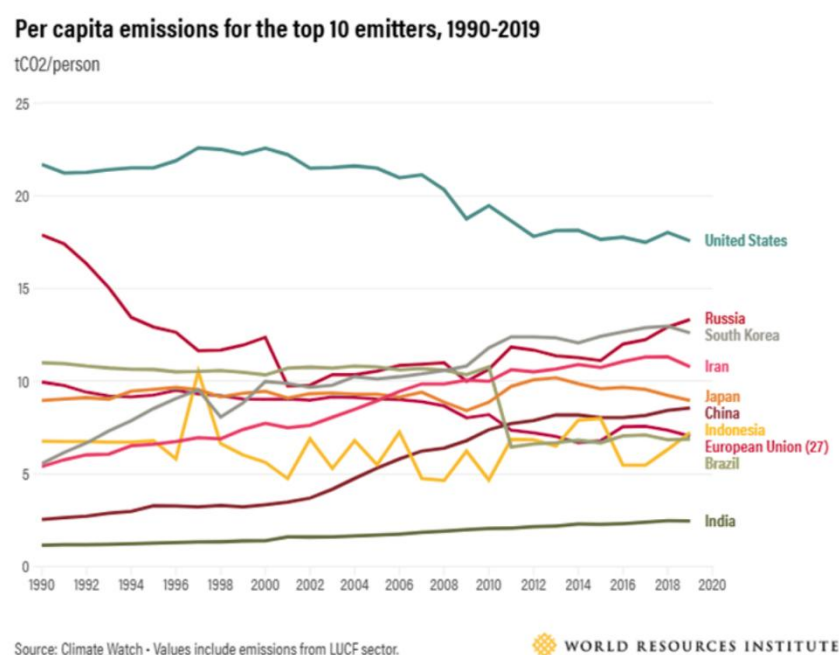
‘eliminated absolute poverty’ nationwide, still, approximately 200 million Chinese live in relative poverty.<sup>13</sup> Nonetheless, Macau SAR and Hong Kong SAR are already considered high-income economies.

Even though the Chinese economy seems to be cooling down, facing challenges in the real estate sector (the housing market peaked in 2021) and clean tech overproduction, the country is still growing. The preparations for the new five-year-plans are in full swing and the leadership has signaled a change from the old construction-led growth model towards ‘high quality growth’ driven by innovation and industrial upgrading.<sup>14</sup>

### 3.2 China’s emissions profile

In 2006, China overtook the US as the biggest annual emitter of CO<sub>2</sub>; a position it has held firmly ever since. In 2022, for example, China emitted more than twice the amount of CO<sub>2</sub> emitted by the US, thereby accounting for nearly a third of global emissions.<sup>15</sup> It must be noted, however, that China’s per capita emissions tell a different story with its population being 4 times larger compared to the US. Despite its overall contribution to global emissions, China ranked only 25th in per capita emissions in 2022 (see Figure 5).<sup>16</sup>

**Figure 5:** Per capita emission for the top 10 emitters, 1990-2019



Source: “9 Charts Explain Per Capita Greenhouse Gas Emissions by Country,” World Resources Institute

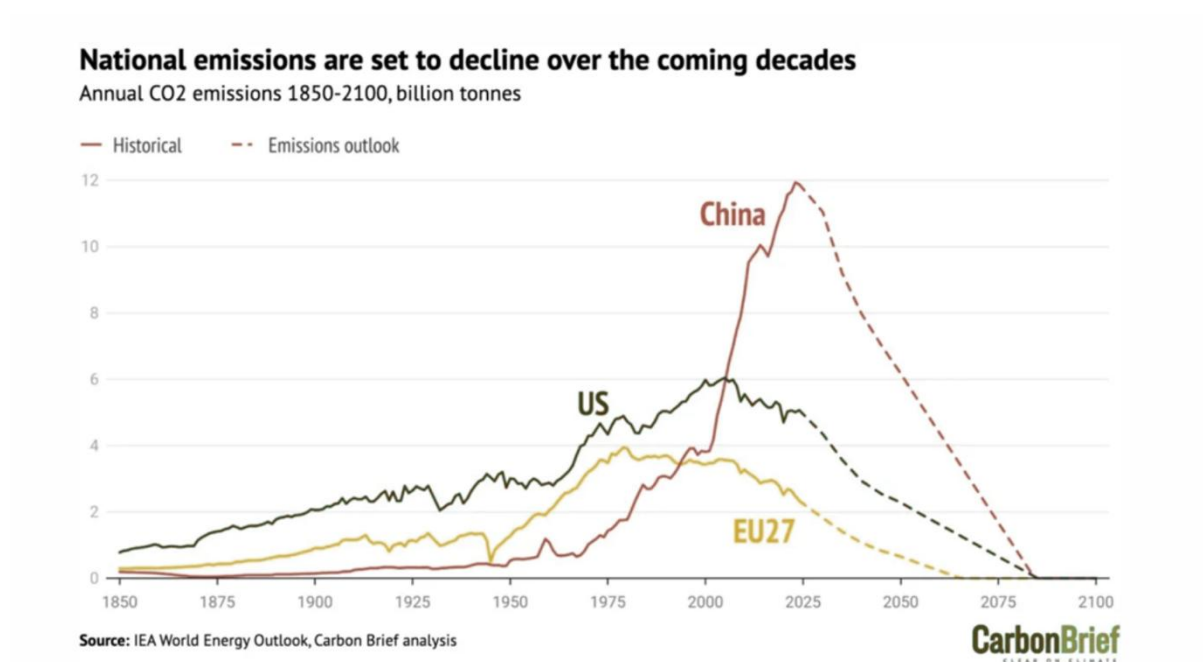
<sup>13</sup> According to 2021 Worldbank data, some 17 percent of China’s population was living below \$6.85 a day, the poverty line used for upper-middle-income countries like China; “China Poverty and Equity Brief,” World Bank, October 1, 2024.

<sup>14</sup> Dinny McMahon, Andrew Polk, *China’s Economic Transition: Debt, Demography, Deglobalization, and Scenarios for 2035* (Washington: CSIS, September 2025), 36-48.

<sup>15</sup> “China – Emissions,” International Energy Agency accessed August 1, 2025.

<sup>16</sup> “China – Emissions,” International Energy Agency.

**Figure 6:** National annual emissions of the US, EU and China



Source: "[Analysis: China's emissions have now caused more global warming than EU](#)," Carbon Brief.

In understanding China's emissions profile, coal consumption stands out as the key factor. About 60 percent of the country's total energy supply is dependent on coal, which as of 2023 is responsible for 72 percent of China's total energy sector emissions.<sup>17</sup> It is little surprising, then, that China is both the world's largest coal consumer and producer, accounting in 2024 for some 58 percent of global coal consumption and 51.7 percent of global production.<sup>18</sup> For comparison, only about 11.7 percent of Europe's total energy supply is dependent on coal, which is responsible for 24 percent of the total energy sector emissions.<sup>19</sup> Coal powers 61 percent of China's electricity generation (2023), as shown in Figure 7, thereby playing a crucial role in ensuring the reliability of the overall power supply.<sup>20</sup> However, coal demand seems to have reached a plateau; the International Energy Agency expects China's demand to decline slightly (less than 1 percent) in 2025.<sup>21</sup>

<sup>17</sup> "China – Energy mix," International Energy Agency, accessed August 1, 2025; "How Robust Is China's Energy Security?," ChinaPower, June 4, 2025.

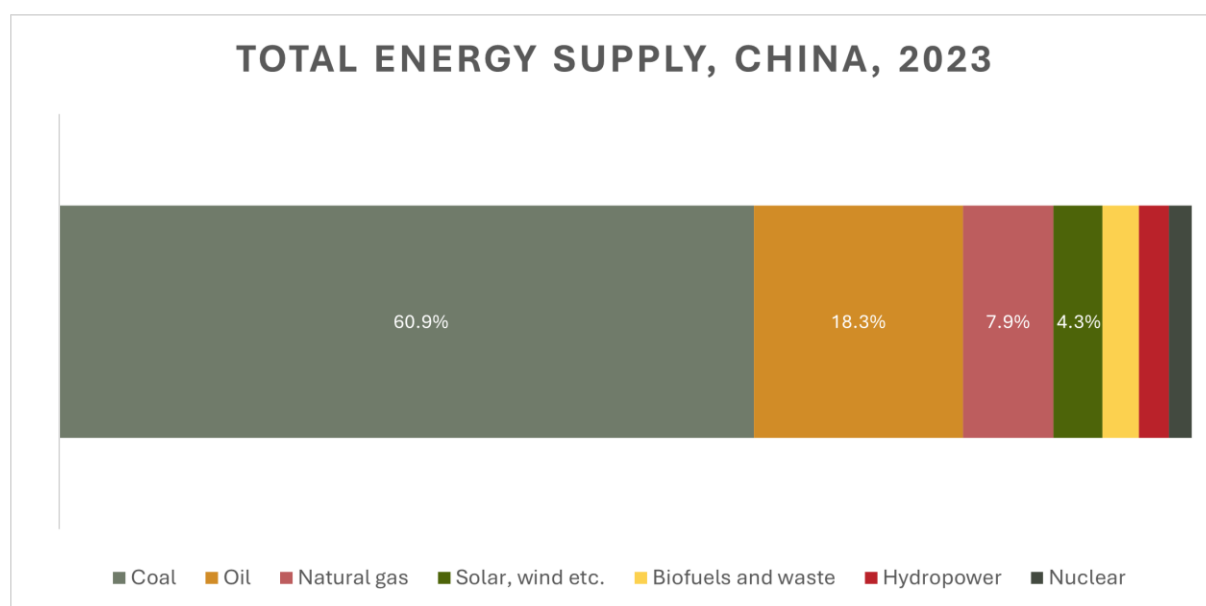
<sup>18</sup> International Energy Agency, *Global Energy Review 2025* (2025), 19; Niccolo Conte, "Ranked: The World's Largest Coal Producing Countries in 2024," Visual Capitalist, July 23, 2025.

<sup>19</sup> "Europe," International Energy Agency, accessed December 10, 2025.

<sup>20</sup> "China – Electricity," International Energy Agency, accessed August 1, 2025.

<sup>21</sup> "Global coal demand to remain on a plateau in 2025 and 2026," International Energy Agency, July 24, 2025.

**Figure 7:** China's total energy supply as of 2023



Source: “China – Energy mix,” International Energy Agency. Licence: CC BY 4.0

Despite Xi Jinping’s 2021 pledge to ‘strictly control coal-fired power generation projects’, coal has continued to expand in China.<sup>22</sup> A report by the Centre for Research on Energy and Clean Air (CREA), for example, states China to have approved some 66 gigawatts (GW) of new coal-fired capacity in 2024, and 94.5 GW in coal projects have started construction. Although these numbers are down significantly from 146 GW in 2022 and 117 GW in 2023, China was still responsible for roughly 93 percent of global coal plant construction in 2024 even if they often replace old plants.<sup>23</sup> At the local level, coal-fired power plants – and employment linked to it – are often vested with provincial governments’ interests, making a coal phase-out more difficult for the central level. They are increasingly used only for the times when sun and wind are not available and can hardly compete with sustainable energy sources.

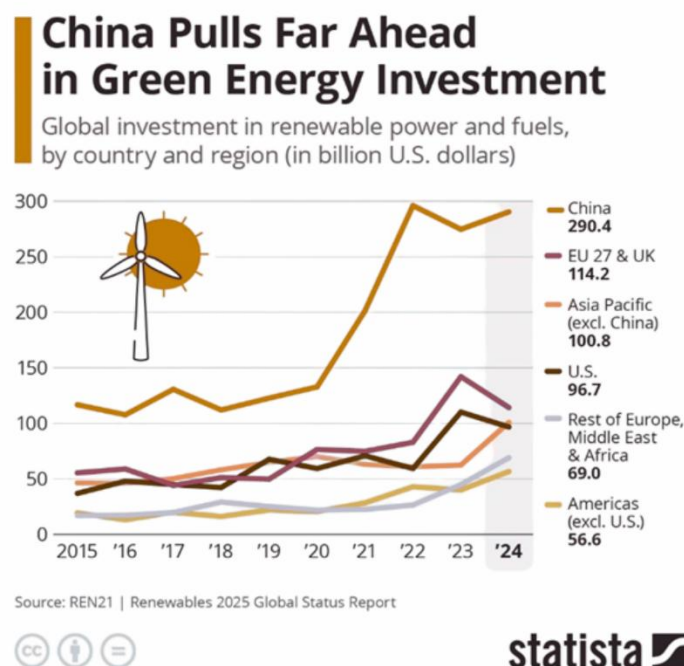
In terms of its contribution to global climate change, it is often mentioned that China is now the world’s biggest emitter as well as the ‘factory of the world’. Many goods are made in China and exported to other parts of the world, including to Europe. In this way, Europe has outsourced some of its emissions linked to manufacturing. Partially in response to the EU’s Carbon Border Adjustment Mechanism (CBAM) - that puts a border levy on imported carbon-heavy products that under the EU emissions trading scheme (ETS) would have been subjected to a carbon price - China is now developing a new methodology for determining the carbon footprint of its products. This may help to showcase its decarbonization efforts, in order to become CBAM exempted.

<sup>22</sup> Lauri Myllyvirta and Byford Tsang, “China Pledged to ‘Strictly Control’ Coal. The Opposite Happened.,” *Foreign Policy*, November 12, 2023.

<sup>23</sup> Qi Qin and Christine Shearer, “When coal won’t step aside: The challenge of scaling clean energy in China,” Centre for Research on Energy and Clean Air, published February 13, 2025; Qi Qin and Lauri Myllyvirta, “Guest post: Why China is still building new coal – and when it might stop,” CarbonBrief, August 12, 2025.

At the same time, China is also the biggest investor in renewable energy. Between January and May 2025, it installed 198 GW of solar and 46 GW of wind power, enough to generate electricity for a country the size of Indonesia. The added capacity in solar power furthermore means that China alone now accounts for half of the world's total solar capacity.<sup>24</sup> So, while coal-power capacity keeps surging, coal-fired electricity generation is actually decreasing, replaced by renewable energy generation.<sup>25</sup> As a result, China's emissions are going down when compared to economic growth figures and, according to some estimates, might already have peaked in 2024.<sup>26</sup> Still, China is likely to miss its emissions-related targets for the 2021-2025 period.<sup>27</sup>

**Figure 8:** Global investment in renewable power and fuels, by country and region (in billion U.S. dollars)



Source: “China Pulls Far Ahead in Green Energy Investment,” Statista

A part of emission reductions in China has been financed by European countries and companies. Under the Kyoto Protocol and the EU ETS, based on set conditions for states and companies it was possible to reduce emissions abroad and count this towards one's own target. Under the so-called Clean Development Mechanism (CDM) that was in place since 2006 until the end of the Kyoto Protocol in 2020,<sup>28</sup> many projects were implemented in China, resulting in 422 million credits out of a global total of 1,6 billion, of which 96% were used under the EU ETS.<sup>29</sup> Some of these projects focused on the highly polluting F-gases (fluorinated

<sup>24</sup> Amy Hawkins, “China breaks more records with surge in solar and wind power,” *The Guardian*, June 26, 2025.

<sup>25</sup> Lauri Myllyvirta, “Analysis: Record solar growth keeps China's CO2 falling in first half of 2025,” *CarbonBrief*, August 21, 2025.

<sup>26</sup> “China,” *Climate Action Tracker*, June 1, 2025.

<sup>27</sup> Lauri Myllyvirta, “Analysis: Record solar growth keeps China's CO2 falling in first half of 2025,” *CarbonBrief*.

<sup>28</sup> “The Clean Development Mechanism,” *United Nations Climate Change*, accessed August 1, 2025.

<sup>29</sup> LIFE ETX, *EU ETS 101 – A beginner's guide to the EU's Emissions Trading System* (2024).



gases). These synthetic greenhouse gases contribute with high intensity to climate change and were relatively cheap to curb in China by placing filters on the pipelines of factories.<sup>30</sup> Credits were sold in 2006 for approximately EUR 10, peaked in 2008 at about EUR 20 and crashed towards 2020 towards EUR 0,30.

Although NGOs strongly criticized such international offsets of one's own emission reduction targets, they are now back on the table as part of the EU's new emissions reduction target 2040 of 90%, compared to 1990 levels.<sup>31</sup> Starting from 2036, the EU as a whole will rely on high-quality international credits under Article 6 of the Paris Agreement, accounting for up to 5% of net emissions. It is not yet clear if emission reduction credits achieved in China, or by Chinese clean tech investments abroad, would qualify. Moreover, according to the CDM registry, China still has credits from the period until 2020, of which some are eligible under Article 6 of the Paris Agreement.

### 3.3 China's climate policy objectives and what motivates them

During the General Debate of the 75th session of the UN General Assembly in 2020, Chinese President Xi Jinping announced the 'dual carbon goals' to peak carbon emissions before 2030 and to achieve carbon neutrality in 2060.<sup>32</sup> This was considered a breakthrough, since at that time China was already the biggest emitter. Unlike many other developing countries, China committed itself to reducing greenhouse gas emissions and included this in its Nationally Determined Contribution (NDC) of which it presented a slightly more ambitious update in November 2025.<sup>33</sup> What, then, motivates China's climate policy?

Preliminary survey research suggests that nationalism is a key driver for support for climate action, as 'for many Chinese, a lower-carbon future will be accompanied by a coming stronger nation, which is a key driver for people to adopt positive attitudes towards addressing climate change.'<sup>34</sup> In party-ideological terms, China strives to achieve 'ecological civilization', a concept that envisions a society where human activities are in harmony with the natural world, promoting the well-being of both people and the planet.<sup>35</sup> In more pragmatic terms, China's enhanced commitment to clean energy and climate action resulted mainly from four domestic drivers:

- Energy security has become a pressing issue, particularly after widespread power blackouts during the COVID-19 pandemic and ongoing volatility in global energy markets.<sup>36</sup> China has realized its dependency on imported fossil fuels to be a core

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<sup>30</sup> Martin Cames et al., *How additional is the Clean Development Mechanism?* (Berlin: Öko-Institut, 2016); Ma Yue, *Policy Brief Series: F-Gases Reduction Efforts and Prospectives in China* (Beijing: iGDP, 2024).

<sup>31</sup> "2040 climate target," European Commission, accessed August 1, 2025.

<sup>32</sup> United Nations Climate Change, *China's Achievements, New Goals and New Measures for Nationally Determined Contributions* (2022), 2.

<sup>33</sup> In this update NDC China committed to a 7-10% emissions reductions target from peak levels, cf. *China's 2035 climate pledge* | Think Tank | European Parliament

<sup>34</sup> Pan, Yeheng et al., "Lower Carbon, Stronger Nation: Exploring Sociopolitical Determinants for the Chinese Public's Climate Attitudes," *International Journal of Environmental Research and Public Health* 20, no. 1 (2023): 57.

<sup>35</sup> Xiaoran Li, Philipp Pattberg and Oscar Widerberg, "China's climate governance from 2009 to 2019: motivations, instruments, actors, and geopolitics," *Climate Policy* 24, no. 3 (2024): 379.

<sup>36</sup> Bo Shen et al., "Coping with power crises under decarbonization: The case of China," *Renewable and Sustainable Energy Reviews* 139 (2024): 1.

vulnerability, whereas it can produce large-scale renewable power at home. Still, it is currently the largest importer of fossil fuels and even if its sourcing is relatively diversified, Russia and Saudi Arabia take a considerable share. Adding alternative energy sources while reducing reliance on fossil fuel imports has consequently become a strategic objective, furthering the domestic demand for renewables and clean technologies.<sup>37</sup>

- The move away from coal is also driven by severe air pollution, which reached unsustainable and unhealthy levels in many of China's larger cities.<sup>38</sup> Public dissatisfaction – a rare sight in China – has already led to several protests, prompting the government to manage public pressure and the risk of social instability.<sup>39</sup>
- China is threatened by severe climate vulnerabilities, including droughts and extreme weather events, jeopardizing its objective of becoming food self-sufficient. Tellingly, China ranks 70th on the ND-GAIN vulnerability index, that illustrates adaptation vulnerability and 36th in overall adaptive capacity,<sup>40</sup> highlighting its relative exposure to climate change compared to other major economies. If the world fails to move onto a steep emission reduction trajectory swiftly, China's climate vulnerability may lead to a 3.55% GDP loss by 2050.<sup>41</sup>
- The clean energy transition aligns with China's economic objective of sustaining its long-term economic growth and global competitiveness by investing heavily in clean technology and renewables. Already, these sectors account for some 10 percent of China's GDP and provide ample opportunity to boost exports.<sup>42</sup> To develop this clean tech capacity, China invested strategically in the supply chains and ecosystems needed, notably to secure the necessary critical raw materials.

Furthermore, China's climate policy also has geopolitical dimensions. China uses the prevailing technology-based green growth paradigm as a platform to elevate its position at the heart of the future economy. By dominating the supply chains of green technology, expanding its electrical vehicles market, and investing in AI-driven smart grids, China is not merely transitioning toward sustainability but is also restructuring the global energy system in ways that reinforce its geopolitical standing. This way, climate cooperation has turned into a strategic contest about who gets to supply the green transition.<sup>43</sup>

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<sup>37</sup> Anita Engels, "Understanding how China is championing climate change mitigation," *Palgrave Commun* 4, no. 101 (2018): 3.

<sup>38</sup> Chengcheng Qiu and Danny Hartono, "[China's air pollution shifts west: industrial relocation outpaces clean energy transition](#)," Centre for Research on Energy and Clean Air, June 4, 2025; Yanzhong Huang, "[China's Battle Against Air Pollution: An Update](#)," *Council on Foreign Relations*, April 24, 2024.

<sup>39</sup> Anita Engels, "Understanding how China is championing climate change mitigation," *Palgrave Commun* 4, no. 101 (2018): 3.

<sup>40</sup> "Country Index," ND-GAIN, accessed August 1, 2025.

<sup>41</sup> "China," G20 Climate Risk Atlas, accessed August 1, 2025.

<sup>42</sup> Lauri Myllyvirta, "[Analysis: Clean energy contributed a record 10% of China's GDP in 2024](#)," Centre for Research on Energy and Clean Air, February 19, 2025; Xiaoran Li, Philipp Pattberg and Oscar Widerberg, "China's climate governance from 2009 to 2019: motivations, instruments, actors, and geopolitics," *Climate Policy* 24, no. 3 (2024): 382.

<sup>43</sup> Bruna Bosi-Moreira, "A Green World Order with Chinese Characteristics: Implications for Global Climate Cooperation," *Global Environmental Politics* 25, no. 3 (2025): 114.

### 3.4 Looking forward

China's climate policies, deteriorating trade relations, and a cooling of its economy, seem to have contributed to the current overcapacity of solar panels, electric vehicles, and other products using or consisting of clean technologies.<sup>44</sup> However, clean tech is still considered a contributor to future economic growth. Furthermore, in China's one-party system, delivering on planned targets is extremely important to build domestic (output) legitimacy. Credible development towards 'ecological civilization' can be considered a way to create accountability without democracy. Nevertheless, it might become more difficult to keep up the level of subsidies invested in the development of clean technology. The economic downturn might also reduce loans available for energy transition in third countries, a topic discussed in the next chapter.

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<sup>44</sup> Nik Martin, "[From solar to EVs: How China is overproducing green tech](#)," *DW News*, October 10, 2024.

## 4. China's international climate engagement

The domestic shift towards climate action has also impacted China's international climate engagement. China has indubitably become a global climate leader. This informs the way in which other countries approach its DC-status. This chapter examines the shifts in China's stance towards global climate leadership and presents an overview of the country's bilateral climate engagements.

### 4.1 China's shift to global climate leadership

In recent years, China has become more active in multilateral institutions, including in international climate talks. In the early period of its participation in the UNFCCC, China refused to take any climate measures that might hamper its economic development. This attitude of economic development first, climate action later, was justified by referring to the CBDR-RC principle (see chapter 2).<sup>45</sup>

When countries failed to agree on a successor of the Kyoto Protocol at the 2009 UNFCCC Conference of the Parties (COP) in Copenhagen, China and its allies from the BASIC coalition (Brazil, South Africa and India) were still blamed by environmental NGOs for hindering progress towards a top-down climate agreement with binding commitments for both developed and developing countries.<sup>46</sup>

Not liking to be blamed for hindering multilateralism and wanting to be more reliable than the US in this field, China started to become more constructive. An illustration of this is its agreement with the US on the parameters for a new climate agreement ahead of the 2015 Paris Agreement. According to observers, China developed from a climate laggard to a climate leader in the annual COP's.<sup>47</sup> Ideologically, the concept of a 'community with a shared future for humankind' guided China's multilateral engagement.

At the multilateral level, China contributes to climate action through its membership of several Multilateral Development Banks (MDBs), including the World Bank and Asian Development Bank. It played a leading role in the establishment of the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank (NDB).<sup>48</sup> These institutions are considered a vehicle for knowledge exchange, norm shaping, and global legitimacy.<sup>49</sup> In general, the US used the World Bank as its favourite channel for climate finance, with China being reluctant to up its shares and preferring alternatives to this institution that it sees as a Western instrument.<sup>50</sup>

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<sup>45</sup> Ella Doron, "China and the United Nations framework convention on climate change," *International Relations of the Asia-Pacific* 17, no. 2 (2017): 233-264.

<sup>46</sup> Joh Vidal and Jonathan Watts, "Copenhagen: The last-ditch drama that saved the deal from collapse," *The Guardian*, December 20, 2009.

<sup>47</sup> Marina Kaneti, "China's Climate Diplomacy 2.0," *The Diplomat*, January 2, 2020; Romana J. Březovská, "COP29 and Beyond: Is China Holding the Trump Card?," *Choice*, December 5, 2024.

<sup>48</sup> See for more on the AIIB and climate change: Weishen Zeng, "Climate Finance and New Multilateral Development Banks: Approaching Co-Productive Dynamics?," *Climate Policy* 1, no. 14 (Dec 2024).

<sup>49</sup> Jue Wang and Ruben Gonzales Vincente, *China, the International Financial Architecture and the Sustainable Development Goals* (China Knowledge Network, forthcoming).

<sup>50</sup> Karen Virginia Mathiasen, "The Climate Reform Agenda: How China Enables and Undermines U.S. Leadership at the World Bank," *Council on Foreign Relations*, August 6, 2025.

China is no direct contributor to the Green Climate Fund that is linked to the UNFCCC, but its Foreign Environmental Cooperation Center (FECO) is accredited as implementing entity. In 2022 it was awarded 100 million USD (95.13million Euros) for a project which also received funding from the German KfW and French AFD. The People's Bank of China did support the Green Finance Task Force of the UN Environment Programme (UNEP), which urged Chinese banks to adopt international sustainability norms, such as the Equator Principles for management of environmental and social risks.<sup>51</sup>

Data on China's actual contributions to multilateral climate finance are not available, but it is generally assumed that they are low compared to the sizable bilateral investments under the Belt and Road Initiative (BRI), China's extensive trade connectivity policy, that started in 2013 with a focus on infrastructure, including the energy sector.

## 4.2 China's bilateral climate engagements

In September 2021, Xi Jinping, in his address to the UN General Assembly, announced that China would no longer be supporting the construction of coal plants abroad under its BRI. This policy shift was part of a larger reorientation of the BRI towards so-called 'small and beautiful' projects: a more localized, sustainable and low-impact form of development.<sup>52</sup> In 2024, Chinese Foreign Minister Wang Yi went as far as describing this reorientation part of a redoubling of efforts 'to build a green Silk Road.'<sup>53</sup> Examples include the revealing of the 'Green Investment and Finance Partnership', a pipeline for green projects under the BRI set up by the Chinese Ministry of Ecology and Environment,<sup>54</sup> and the issuance of so-called 'sustainable development bonds' by the Bank of China, aimed at financing green and social projects in BRI-countries.<sup>55</sup>

The efforts to green the BRI seem to have had effect. Research by Griffith University's Asia Institute shows China's green energy (solar, wind, and waste-to-energy) financing under the BRI to have reached approximately USD 11.8 billion (approx. 10.9 billion Euros) in 2024, marking it the greenest year of the BRI in both absolute and relative terms.<sup>56</sup> Its contributions can even be considered international climate finance, even if China is not obliged to provide this under the UNFCCC due to its developing country status. A recent study shows that 'China provided an estimated USD 3bn (approx. 2.6 billion Euros) per year in climate-related finance to developing countries through bilateral and multilateral channels over 2015–2021'.<sup>57</sup> As Figure 9 shows below, most of it has been invested in Africa and Asia. Furthermore, China's energy engagements vary significantly across BRI countries, as illustrated in Figure 10. Although

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<sup>51</sup> Jue Wang and Ruben Gonzales Vincente, *China, the International Financial Architecture and the Sustainable Development Goals*, (China Knowledge Network, forthcoming).

<sup>52</sup> Robin Brant, "China pledges to stop building new coal energy plants abroad," *BBC*, September 22, 2021.

<sup>53</sup> "Wang Yi on High-Quality Belt and Road Cooperation: An Engine of the Common Development of All Countries and an Accelerator for the Modernization of the Whole World," Embassy of the People's Republic of China in the Republic of Singapore, March 7, 2024.

<sup>54</sup> Jianyu Zhang and Kevin Gallagher, "Opinion: China steps up climate fight with belt and road green finance partnership," *South China Morning Post*, October 19, 2023.

<sup>55</sup> Jiang Mengnan, "Can China's new BRI bonds spur sustainable development?," *Dialogue Earth*, October 17, 2024.

<sup>56</sup> Christoph Nedopil, *China Belt and Road Initiative (BRI) Investment Report 2024* (Brisbane: Griffith Asia Institute and Green Finance & Development Center, FISF, 2025).

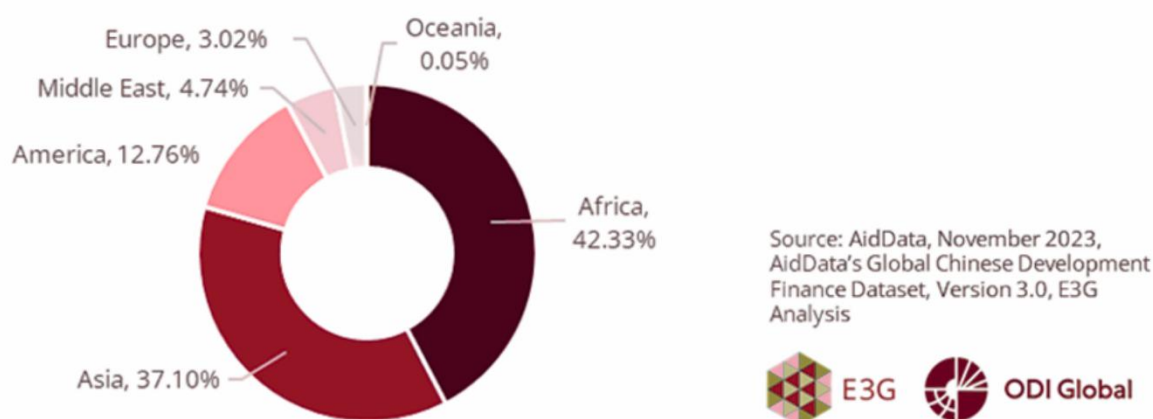
<sup>57</sup> Lekai Liu, Yue Cao and Tony Kamninga, *China's climate-related finance to developing countries: A work in progress* (E3G, ODI Global, 2025).

numerous Chinese energy projects in BRI countries are exclusively renewable, oil and gas continue to dominate in terms of overall financial volume.

**Figure 9:** China’s climate-related bilateral finance to developing countries, 2010-2021

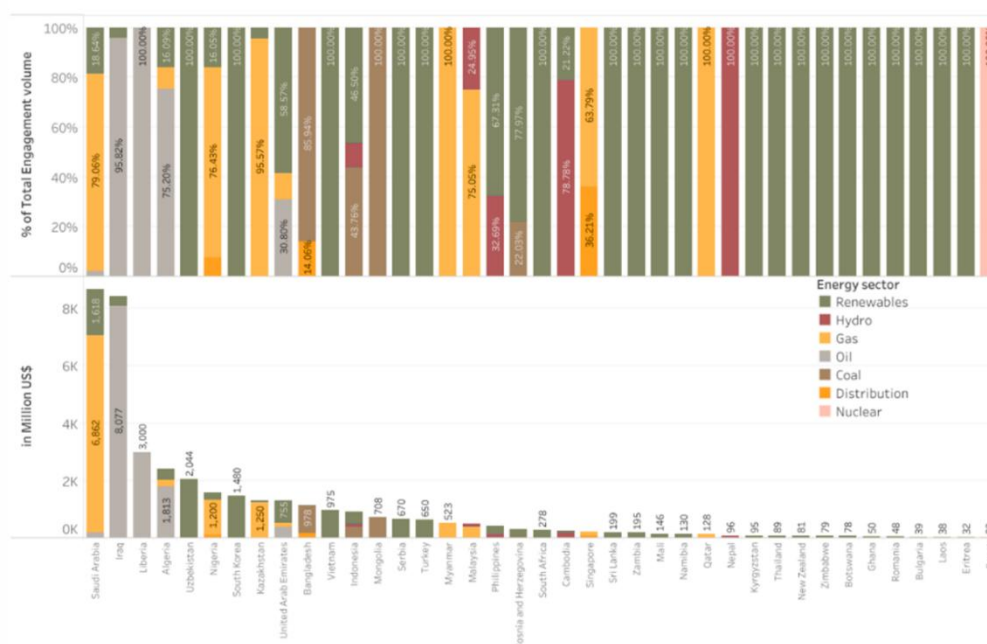
## China’s climate-related bilateral finance to developing countries, 2010-2021

By geography



Source: Lekai Liu, Yue Cao and Tony Kamninga, China’s climate-related finance to developing countries: A work in progress (E3G, ODI Global, 2025).

**Figure 10:** Chinese energy engagement in the BRI by country in 2024



Source: Christoph Nedopil, *China Belt and Road Initiative (BRI) Investment Report 2024* (Brisbane: Griffith Asia Institute and Green Finance & Development Center, FISF, 2025).

The shift towards ‘greening’ the BRI has significant implications. Estimates indicate that, even if non-BRI countries fully meet their Paris Agreement targets, the participating countries of the BRI will be responsible for some 66 percent of global emissions by 2050.<sup>58</sup> Many of these BRI countries are amongst the most vulnerable to the impacts of climate change, with 60 percent of the combined land consisting of ecologically fragile zones.<sup>59</sup> Hence, through its (green) investments in the BRI, China can make an important contribution to reducing global emissions and mitigate the impacts of climate change.

### 4.3 China’s ambiguity in climate finance

In recent years, China stepped up its contribution to climate finance and shifted toward more active engagement in global climate agreements. This evolution aligns with its growing ideological emphasis on multilateralism. While China is no direct contributor to the UNFCCC-linked Green Climate Fund, it contributes to climate action through its membership of several multilateral development banks. Most of China's climate finance is conducted bilaterally through the BRI which has increasingly focused on green energy projects in for instance Uzbekistan, South Korea, Vietnam, Serbia and Türkiye (see figure 10). China's shift in climate finance is shaped by a complex balancing act, where downsides of decades of industrial and economic policy are traded off with global green ambition.

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<sup>58</sup> Roza Nurgozhayeva, “The Belt and Road Initiative and Sustainability: a Driving Force for Change or a Missed Opportunity?,” *Chinese Journal of Environmental Law* 8, no. 2 (2024): 119-166.

<sup>59</sup> Roza Nurgozhayeva, “The Belt and Road Initiative and Sustainability: a Driving Force for Change or a Missed Opportunity?,” *Chinese Journal of Environmental Law*.



## 5. Developing country status is a part of Chinese identity

For China, the developing country status is not just an administrative label; it is an important part of its identity. Since its founding in 1949, the People's Republic of China (PRC) has seen itself as the vanguard of the developing world. Chinese President Xi Jinping has put this cornerstone of Chinese identity at the core of his ideological politics. This chapter examines the reasons for this and how it has played out in international organizations such as the WTO, while also highlighting that this issue is not unique to China.

### 5.1 China's ideological attachment to developing country status

Xi Jinping has repeatedly stated that 'China has been, now is and will always be a member of developing countries.' To many outsiders, this reads as a paradoxical statement: how can China become richer and 'forever' remain a developing country? The answer is that Xi's argument does not come from statistics, nor does it lead to an explicit demand for material benefits for China per se. Instead, Xi emphasizes the need for more representation of developing countries in global governance. He emphasizes bringing development back to the centre of the agenda of the international community by asking from all countries to contribute more to the UN 2030 Agenda for Sustainable Development. Finally, he points to China's history of 'invariably [standing] in solidarity with developing countries through thick and thin.'<sup>60</sup>

From the founding of the PRC in 1949 onwards, Chinese leaders have tied the PRC's identity to that of the developing world. In 1955, Prime Minister Zhou Enlai stated at the Bandung Conference that the overwhelming majority of the Asian and African countries and peoples have suffered and are still suffering from the calamities under colonialism.<sup>61</sup> This has become the basis of China's global engagement ever since.

In Xi Jinping's timeline, China is still in the first stage of socialism and has not attained 'full development.' This will take at least until 2049. To change the status of China as a developing country, then, is to call into question the basic story all PRC leaders have been telling.

China's ideological attachment to the DC-status was recently underlined by Xi's statement that China 'will always be a developing country.' To wit, in June of 2022 Xi still said: 'China has always been a member of the big family of developing countries,'<sup>62</sup> without referring to the

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<sup>60</sup> These quotes are from: Xi Jinping, "China Will Always Be a Member of Developing Countries: Xi," CCTV, Youtube, August 24, 2023; but he states similar phrases in "President Xi Jinping Delivers a Video Address at the Opening Ceremony of UNCTAD's 60th Anniversary Celebrations," Ministry of Foreign Affairs People's Republic of China, June 12, 2024; "Xi Jinping says China will always belong to developing countries," CGTN, June 12, 2024; "Xi Jinping says China will always belong to developing countries," *China Daily*, June 13, 2024.

<sup>61</sup> In fact, this is a line from the supplementary speech; Zhou Enlai, "Supplementary Speech By Zhou Enlai, the Chinese Premier, At the Opening of the Conference," Database of Japanese Politics and International Relations, accessed August 1, 2025.

<sup>62</sup> Xi Jinping, "Full text: Remarks by Chinese President Xi Jinping at the High-level Dialogue on Global Development," The State Council Information Office, June 26, 2022. As early as 2018, Xi claimed China already to be the 'the world's biggest developing country': Xi Jinping, "Full text of Chinese president's speech at BRICS Business Forum in South Africa," Ministry of Foreign Affairs People's Republic of China, July 26, 2018. On other occasion, Xi merely stresses that 'China will always be a member of *the Global South*', more explicitly linking this status to a tenet of China's global identity rather than economic performance: "Xi calls for building just world of common development, outlines China's



future. Although in 2020, Chinese Foreign Minister Wang Yi ‘mentioned during a high-level video conference on poverty reduction and South-South cooperation that China will always be a member of the developing countries and will always stand with the vast community of developing countries’.<sup>63</sup>

Xi’s change of perspective may have been triggered by the US. In March 2023, the US Congress passed H.R.1107, otherwise known as the PRC Is Not A Developing Country Act, that called for the removal of China’s DC-status in international organizations.<sup>64</sup> Although the bill is not really being implemented with the US leaving international organizations on other grounds, it has become a rhetorical device to whip up the MAGA-message that ‘China is ripping us off’.

In the strict economic sense, Xi’s political report to the 20th National Congress of the CCP contradicts the notion that China will always be a developing country: by 2035, China is to become a ‘mid-range developed nation’ – much like the US Congress called for it to be labelled as.<sup>65</sup> But this is beside the point, according to Chinese MFA spokesman Wang Wenbing. In a response to the congressional bill, he said: ‘It’s not up to the US to decide whether China is a developing country’.<sup>66</sup> As such, proving that it is not a developing country has become another reason for China to cling to its developing country status.

Indicators for being a developing country differ greatly between global regimes.<sup>67</sup> The World Bank classification, that was cited in the previous chapter, is therefore not the automatic benchmark from a Chinese perspective. The same is the case for the IMF, which classifies China as an ‘emerging and developing country’ or UNDP’s classification of ‘upper-middle-income country’.

China has long made a point of showcasing its development trajectory as an example of how developing countries can and should defy the ‘Washington Consensus’ – not fitting in the categories of the Western-led liberal international order is not just a side-effect but rather the very point of the example it wants to set for the developing world.

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actions for global development,” Ministry of Justice of the People’s Republic of China, November 19, 2024. See analysis by David Bandurski, “[What Does Xi Jinping Mean By ‘Forever’?](#),” China Media Project, August 30, 2023.

<sup>63</sup> as noted by Li, Jinyu, “China’s Identity Positioning and Diplomacy among Developing Countries,” *Lecture Notes in Education Psychology and Public Media* 32 (2023): 177-181.

<sup>64</sup> “[H.R.1107 - PRC Is Not a Developing Country Act](#),” Congress.gov, accessed August 1, 2025: ‘Under this bill, the State Department must advocate for international organizations to (1) change China’s status from developing country to upper middle income country, high income country, or developed country; (2) develop a mechanism to change China’s status to developed country if no mechanism currently exists; or (3) ensure that China does not receive preferential treatment or assistance as a result of having developing country status.’

<sup>65</sup> Xi Jinping 习近平, “[Xi Jinping: Gao ju zhong guo te se she hui zhu yi wei da qi zhi wei quan mian jian she she hui zhu yi xian dai hua guo jia er tuan jie fen dou — zai Zhong guo Gong chan dang di er shi ci quan guo dai biao da hui shang de bao gao](#)” 习近平：高举中国特色社会主义伟大旗帜 为全面建设社会主义现代化国家而团结奋斗——在中国共产党第二十次全国代表大会上的报告 [Xi Jinping: Hold High the Great Banner of Socialism with Chinese Characteristics and Strive in Unity for the Full Construction of a Modern Socialist Country] Report to the 20th National Congress of the Communist Party of China, [Zhonghua renmin gongheguo zhongyang renmin zhengfu 中华人民共和国中央人民政府], October 25, 2022.

<sup>66</sup> Graham Kanwit, “[Is China Still a Developing Country?](#),” *Voice of America*, August 28, 2023.

<sup>67</sup> Clara Weinhardt, Johannes Petry, “Contesting China’s Developing Country Status: Geoeconomics and the Public–Private Divide in Global Economic Governance,” *The Chinese Journal of International Politics* 17, no. 1 (2024): 48–74; Deborah B. L. Farias, “Which Countries Are ‘Developing’? Comparing How International Organizations and Treaties Divide the World,” *Political Geography Open Research* 1 (2022): 1–8; Deborah B. L. Farias, “Unpacking the ‘Developing’ Country Classification: Origins and Hierarchies,” *Review of International Political Economy* (2023):1–23.

The most recent vehicle for this is its Global Development Initiative, proposed by Xi at the general debate of the 76th session of the UN General Assembly in September 2021.<sup>68</sup> This has become one of four major diplomatic projects that Xi has launched in recent years, expressing that identifying with the developing world is a sine qua non to Beijing's major power diplomacy.

## 5.2 Trading privileges at the WTO?

As it integrated into the world economy, China learned that nomenclature is something to be fought over. In the WTO, countries self-designate a status, unbound by a formal definition; the PRC chose to be a developing country when it joined in 2001, but only as a result of a hard-fought negotiation on, amongst other things, the principle of naming itself.<sup>69</sup>

During the WTO accession talks, the PRC insisted as a matter of principle on the DC-status – and its right to designate itself as such, despite, or perhaps especially in the face of, strong US opposition. The US would not budge, particularly, on the issue of the term itself.

In 1996, the EU started to ease the stalemate by dropping 'the firm reference to developing-country status and began to talk in terms of a case-by-case, or sectoral, approach to China's accession', which led to China negotiating 'developing-country exemptions in some areas' and taking on 'more extensive obligations on issues such as the protection of intellectual property rights, industrial subsidies, transparency and safeguards', as well as introducing 'more extensive tariff cuts'.<sup>70</sup> In hindsight, it can be argued that the EU's pragmatic overture persuaded the PRC to compromise in practical application; the US's principled opposition met with principled resistance by the PRC.<sup>71</sup>

Other countries have opted to 'graduate', i.e. change their status from developing to developed. A small wave of graduations from DC-status in the WTO followed the 2019 announcement by the Trump administration that it would oppose China's status, as it opposed the DC-status of Brunei, Kuwait, Qatar, UAE and Singapore, and that of several members of the OECD, like Mexico, South Korea and Turkey.<sup>72</sup>

In the case of South Korea, Finance Minister Hong Nam-ki said that the government will 'no longer seek special treatment as a developing country from future negotiations at WTO', after the Trump administration had pushed the issue of DC-status in the WTO. Hong said this decision meant 'not to forego the developing country status but is to not seek any special treatment from the negotiations going forward' – meaning, South Korea would hold on to

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<sup>68</sup> "Global Development Initiative," Chinadiplomacy.org, accessed August 1, 2025.

<sup>69</sup> Clara Weinhardt, Johannes Petry, "Contesting China's Developing Country Status: Geoeconomics and the Public-Private Divide in Global Economic Governance," *The Chinese Journal of International Politics* 17, no. 1 (2024): 48–74.

<sup>70</sup> Till Schöfer, Clara Weinhardt, "Developing-country status at the WTO: the divergent strategies of Brazil, India and China," *International Affairs* 98, no. 6 (2022): 1937–1957.

<sup>71</sup> A stalemate that lasted until 9/11, when Jiang Zemin became an ally in the War on Terror – accession talks resolved soon after; Russell L. Riley et al., "Evan A. Feigenbaum Oral History Part I," Miller Center, accessed August 1, 2025.

<sup>72</sup> "Memorandum on Reforming Developing-Country Status in the World Trade Organization," Trump White House Archives, July 2016, 2019; Ana Swanson, "Trump Presses World Trade Organization on China," *The New York Times*, July 26, 2019.

privileges already taken but was willing to relinquish the label. Similarly, but in a slightly different manner, the government of Singapore issued a press statement in the same year.<sup>73</sup>

In the case of Brazil, also in 2019, its application to the OECD was met by the US with the proposal to offer support if Brazil was to give up its DC-status in the WTO.<sup>74</sup> Brazil agreed, adding the crucial caveat that this change in status would only impact future negotiations, hence allowing Brazil, too, to hold onto privileges already won.<sup>75</sup>

The OECD is currently also discussing accession with Argentina, Bulgaria, Croatia, Peru and Romania (since 2022) and with Indonesia and Thailand (since 2024). In these talks the issue of having a developing country status seems absent.

### 5.3 Developing country status in other international environmental regimes

The issue of developing country status is also at stake in a few other environmental treaties. An analysis of several environmental regimes discovered that almost 1 out of 4 countries in the world have mixed classification, meaning that under some Multilateral Environmental Agreements they are a developing country and under other a developed country.<sup>76</sup>

Under the Convention on Biodiversity (CBD), several EU member states and even Liechtenstein, the country with the highest GDP in the world, are not labeled as developed countries. Even though Liechtenstein, Bulgaria, Croatia, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, and Slovakia do not receive funding for projects to halt biodiversity loss under the Global Environment Facility, they make no financial contributions either. Only the Czech Republic, Monaco and Slovenia have come forward to self-identify as developed under the CBD.

In the UNFCCC, a similar reluctance can be observed. Some EU member states, like Malta, did ask to graduate out of non-Annex 1. However, none of the EU member states that were not in there from the start have asked to graduate into Annex II, where countries have to make financial contributions. The research illustrates that the issue of self-identification for DC-status stretches way beyond China.

China's DC-status in the Montreal Protocol is a special case, though. This agreement aims to phase out ozone-depleting substances, notably Chlorofluorocarbons (CFCs). Here, the status grants China longer timelines for phasing out these substances and access to financial

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<sup>73</sup> "Singapore Reaffirms Commitment to Work with Like-Minded Partners To Strengthen the World Trade Organization," Ministry of Trade and Industry Singapore, accessed August 1, 2025.

<sup>74</sup> William Alan Reinsch and Jack Caporal, "Trade Outcomes from the Trump-Bolsonaro Meeting: More Than Meets the Eye?," CSIS, March 20, 2019; Ana Mano, "Brazil's new status would not affect prior ag commitments: WTO chief," Reuters, March 20, 2019; "Issues for Congress," Congress.gov, accessed August 1, 2025.

<sup>75</sup> "What new WTO and OECD status would mean for Brazil," MercoPress, March 22, 2019; As Schöfer and Weinhardt conclude, 'While India on the one hand displays a firm and *principled resistance* to changes in either status or practice, Brazil's changing position in international trade politics has led it to pursue a strategy of *accommodation* aimed at overcoming negotiation deadlock. China in turn combines these two approaches, selectively employing *resistance* and *accommodation* strategies on an issue-specific basis.' Till Schöfer and Clara Weinhardt, "Developing-country status at the WTO: the divergent strategies of Brazil, India and China," *International Affairs* 98, no. 6 (2022):1937–1957.

<sup>76</sup> D.B.L. Fabias, "Country differentiation in the global environmental context: *Who* is 'developing' and according to *what?*," *International Environmental Agreements* 23 (2023): 253–269.

assistance from the Multilateral Fund, which incentivized China to join the Protocol.<sup>77</sup> Influential voices in the US have argued for the US to be tougher on China when it comes to for instance its status under the Kigali amendment of the Montreal Protocol of 2016 that targets a new range of gases known as hydrofluorocarbons (HFCs), but no change has taken place despite China being the biggest HFC producer and consumer, with regulations already in place.<sup>78</sup>

### 5.3 Developing country-status as ideological interest

As Sino-American tensions heighten, the PRC is likely to treat its DC-status as an ideological interest. In the age of Xi Jinping, ideological interests are core interests. Above all, the PRC aims to retain the right to determine for itself by what names it is known on the world stage – whether in the arena of climate diplomacy or outside of it. In the next chapters we will zoom in on what this means for the UNFCCC.

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<sup>77</sup> Jimin Zhao and Leonard Ortolano, “The Chinese Government’s Role in Implementing Multilateral Environmental Agreements: The Case of the Montreal Protocol,” *The China Quarterly* (2023): 708-725.

<sup>78</sup> Ben Lieberman, “[Forcing the UN’s Hand on China](#),” *Competitive Enterprise Institute*, March 13, 2024.

## 6. Developing Country Status as asset and liability to China in the UNFCCC

In the previous chapter we saw how ideologically important the developing country status is for China. In this chapter we will look specifically at what this means for its positioning in the UNFCCC.

### 6.1 Clinging to a privilege or grouping?

Also in climate talks, and particularly in the UNFCCC, the DC-status is dear to China. The Paris Agreement, Article 4.4, states:

*“Developed country Parties should continue taking the lead by undertaking economy-wide absolute emission reduction targets. Developing country Parties should continue enhancing their mitigation efforts, and are encouraged to move over time towards economy-wide emission reduction or limitation targets in the light of different national circumstances.”<sup>79</sup>*

This implies much less of a commitment to climate action for developing countries. A country like India, with a per capita GDP still considerably lagging behind that of China, frequently refers to the importance of the CBRD-RC principle (see chapter 2). Its climate negotiators are keen to point to the Annex II countries a responsibility to both reduce emissions and provide climate finance.

Indeed, Article 9 of the Paris Agreement stipulates that developed countries shall provide climate finance and that other countries are encouraged to provide or continue to provide such support voluntarily. The same applies to the reporting on climate finance by developing countries, which is voluntary and dependent on the provision of financial resources by the developed countries.

China undertakes climate action at home and finances clean tech investments abroad yet consistently resists being tied to obligations to pay. It has reported on its international climate finance, but not in line with transparency requirements and rather out of gesture than commitment. Technology transfer is a field where the UNFCCC and Paris Agreement also oblige developed countries to support developing countries, but in practice intellectual property rights and countries willing to sell their most advanced technologies hinder progress in this space. In this regard, the European approach to technology transfer and capacity building is perhaps still slightly less transactional and linked to EU interests, compared to the Chinese approach, due to climate finance being embedded in overall development assistance practices.

Another benefit of the DC-status is being part of the G77 + China grouping in the negotiations. Within the UNFCCC system and international climate talks, many processes are set up in such a way that there is an equal representation of Annex I and non-Annex I countries, and groups often have co-chairs from both sides. Even if they cannot agree on all issues, and even if least-developed countries consider themselves more entitled to climate finance, the group still tends

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<sup>79</sup> United Nations, “[Paris Agreement](#),” UN Doc. FCCC/CP/2015/10/Add.1 (2015): 4.

to stick together and countries like China and India often successfully present themselves as the voice of this group.

Since particularly climate-vulnerable countries, such as least-developed countries and small-island development states, often lack the capacity to send strong delegations to the climate talks, they are supportive of ‘stronger’ countries making their case. For China, this is an important way to showcase international leadership. Jointly, the G77 + China have managed to call out on other countries that are not contributing enough climate finance, especially for climate change adaptation which tends to be more complex to finance than investments in energy efficiency and renewables.<sup>80</sup>

## 6.2 Developing country status being questioned

During COP13 (2007), a first attempt was made to gradually abandon the use of ‘Annex’ and ‘non- Annex’ categories when making future references to participating members.<sup>81</sup> This marked the first stage in delegitimizing the further use of categories as reference points for future commitments of members and their utilization as bargaining chips, thus directly weakening China’s arguments in favour of preserving the current system.

In subsequent COPs, the aspect of national capabilities, rather than differentiated responsibilities, was brought up more frequently and prominently. At COP15 in Copenhagen (2009), Parties began calling for an agreement with binding commitments for all major economies and large emitters, pointing directly at the US and China. Ahead of the Paris Agreement of 2015, Beijing and Washington made a joint statement on the intention to adopt an agreement with legally binding commitments applying to all Parties. This statement was widely praised for China finally acknowledging its international responsibilities.

Accepting this role-change, China made some concessions and the Paris Agreement indeed abolished the use of categories as tools of reference to participating members.<sup>82</sup> Nevertheless, some important privileges for developing countries were kept as outlined above. These, moreover, came back in subsequent negotiations on the implementation of the Paris Agreement and its financing.

## 6.3 Impact of US withdrawal on China’s role in the UN climate talks

Donald Trump’s decision to withdraw the US from the Paris Agreement has had the effect of raising China to a new kind of leadership role in international climate politics. The country increasingly defines itself as a great power in international climate negotiations and it has great potential for acting as a role model when it comes to climate responsibility if it manages to modernize without recklessly increasing GHG emissions. It thereby plays an increasingly important role in the potential evolution of climate responsibility as a standard of civilization.<sup>83</sup>

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<sup>80</sup> X. Ruiz-Campillo and M.B. Rubial, “Adaptation in the UNFCCC: how the G77 & China shaped the agenda,” *International Environmental Agreements* (2025).

<sup>81</sup> Ella Doron, “China and the United Nations framework convention on climate change,” *International Relations of the Asia-Pacific* 17, no. 2 (2017): 233-264.

<sup>82</sup> Ella Doron, “China and the United Nations framework convention on climate change,” *International Relations of the Asia-Pacific*.

<sup>83</sup> S. Kopra, “China and the UN Climate Regime: Climate Responsibility from an

US withdrawal in that regard can be considered to have a positive side effect, but for the EU it meant even greater difficulty to accept China's leadership in conjunction with the DC-status privileges, given it is part of the shrinking group of countries having to 'bear the brunt'. A more structural question is whether China's clinging onto its DC-status might more generally have to other negative repercussions, as will be discussed in the next session.

## 6.4 China missing out on great power status and investment benefits?

In 2021, China celebrated its first centenary goal of 'building a moderately prosperous society', meaning the eradication of absolute poverty. However, the eradication of absolute poverty is hardly a basis on which the idea of China now being a full-fledged 'developed' country can be sold to the Chinese public. Nevertheless, China is clearly in a different league than countries like Malawi, Somalia or Yemen. It certainly has become a great power that other great powers have grown increasingly afraid of.

It could be argued that China's reluctance to commit to climate finance obligations implicitly undermines its claim to be the global climate leader, since it creates irritation with other countries, not only OECD members. At COP29 (2024), climate talks 'almost collapsed because rich-country envoys were unhappy that China, albeit being the world's largest carbon-emitter, initially refused to contribute money to help poor countries deal with climate change.' In a telling rebuke, China's envoy, Liu Zhenmin, said: 'The West has always wanted to separate China [from the global South]...we do not agree with this.'<sup>84</sup>

As the negotiations demonstrated, it is not about the material benefits, primarily, but about the status itself. When pushed, China, also under Xi, proves willing to move towards compromise by giving up some of the material perks that come with its status. Most notably, upon European urges, his COP29 delegation let some of China's indirect climate lending be counted in the developed country-category, provided it was emphasized China would do this on a voluntary basis and it would not impact the DC-status.<sup>85</sup>

Interestingly, at COP29 in 2024 in Baku, a number of representatives from less-developed economies, amongst them Egypt and South-Africa, went on the record to state that China and India should no longer be classified as developing countries and 'should be contributing.'<sup>86</sup> Nigeria's environment minister, for instance, said: 'China and India cannot be classified in the same category as Nigeria and other African countries. I think they are developing but they are in a faster phase than states like Nigeria. ... They should also commit in trying to support us. They should also come and make some contribution [to climate finance for poorer countries].'<sup>87</sup> Susana Muhamad, the environment minister of Colombia, said: 'The developed and developing

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English School Perspective," *Journal of International Organizations Studies* 9, no. 2 (2018): 59-74.

<sup>84</sup> "Is China justified in still calling itself a developing country?," *The Economist*, May 1, 2025.

<sup>85</sup> "Is China justified in still calling itself a developing country?," *The Economist*.

<sup>86</sup> Patrick Greenfield and Fiona Harvey, "China and India should not be called developing countries, several Cop29 delegates say," *The Guardian*, November 19, 2024.

<sup>87</sup> Patrick Greenfield and Fiona Harvey, "China and India should not be called developing countries, several Cop29 delegates say," *The Guardian*.

country categories are obsolete. These categories should be changed. The problem is that the Paris Agreement and the UNFCCC are negotiated on these categories.’<sup>88</sup>

Hence, China clinging onto its DC-status is not only creating irritation by OECD countries but also by others from the G77. China is moreover eager to present itself as responsible global leader contrary to the US. In 2019, Zhang and Orbie already suggested that externally ‘the strict division between developed and developing countries has been replaced by the narrative of ‘a community of a shared future of mankind’; while on the national level, China as the victim of ‘ecological imperialism’ has given way to the new ‘torchbearer’ narrative’<sup>89</sup>. If anything, this shows the DC-status is important to China, but its meaning and use is nonetheless contingent on the broader context of its changing narratives and policies as it takes on an increasingly leading role in climate diplomacy.

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<sup>88</sup> Patrick Greenfield and Fiona Harvey, “[China and India should not be called developing countries, several Cop29 delegates say](#),” *The Guardian*.

<sup>89</sup> Yunhan Zhang and Jan Orbie, “Strategic narratives in China’s climate policy: Analysing three phases in China’s discourse coalition,” *The Pacific Review* 34 (2021): 1-28.



## 7. Conclusion. Implications and policy recommendations for the EU and the Netherlands

China's developing country status is a bone of contention in climate diplomacy and a factor that undermines popular support for climate action and finance in the EU and the Netherlands. At the same time, for China, it is a crucial ideological issue to keep this status. The issue thus becomes a question of tactics: how much diplomatic capital is the EU willing to invest in trying to change China's status, as far as it is linked to climate talks and beyond? And how should it spend this capital? Instead of direct positions and engagements on this issue in the UNFCCC COPs, there might be other ways to reduce challenges related to China's DC-status, including accusations towards the EU of not providing enough climate finance. In this chapter, we discuss a few of them.

### **Push for alternative climate financing mechanisms and manage expectations towards the global alliance of developing countries (G77) and China and the UN as such.**

With the US having de facto pulled out of the multilateral climate regime, pressure is mounting on the other Annex II countries to provide more climate finance. However, in these countries, development assistance is under pressure and climate-related crises are proliferating across highly industrialized economies, too. As a result, traditional development aid and climate finance are increasingly replaced by loans, such as through the EU's Global Gateway.

Annex II countries can emphasize their declining shares to both the global economy and emissions. They can argue for other ways to catalyze climate action, for instance through insurance mechanisms, peer review of domestic programmes (e.g. on adaptation), favourable trade conditions for clean technologies and technology transfers by all parties. Management of expectations is needed towards the G77 & China, as well as to UN agencies, NGOs and climate policy researchers that frequently ask for higher contributions based on equity arguments.

### **Use the upcoming debate on UN reform to open up the debate on developing country status**

In the wake of US withdrawal from UN funds, a larger debate is emerging on UN reform and restructuring. This debate also includes the more general issue of the Global South's voice in multilateral institutions. The larger debate on UN reform may lead to opportunities to emphasize more the Paris Agreement innovations on the universality of the NDCs and to encourage all richer countries to provide climate finance to move away from the UNFCCC rigidity concerning Annex I and non-Annex I lists of countries. For the EU, the COPs will lose in importance if climate efforts are not treated more as a common global responsibility. With the US having dropped out and the EU only representing about 7% of global of emissions equally to its share of global population, the EU cannot be held fully accountable for financing global climate action together with the UK, Switzerland, Norway, Japan, Canada, Australia and New Zealand.

The UNFCCC secretariat which also serves the Paris Agreement<sup>90</sup> could perhaps join forces more often with UNEP and/or secretariats of other multilateral environmental treaties with combined COPs that differ in set-up. This would also reduce the amount of delegates travelling. The differences that already exists regarding countries' classification in multilateral agreements and other global governance bodies then need to be addressed more structurally to allow for a continued legitimacy and functioning of these multilateral institutions.

**Address the developing country status of other countries, like Saudi Arabia, Singapore and the United Arab Emirates, or Colombia, first, on a basis of direct and open discussion, exploring potential advantages to changing status**

Over time, it will be increasingly untenable that the responsibility of providing climate finance falls on the shoulders of a group of countries that represents a reducing share of global emissions, global GDP, as well as global influence. The EU and its member states need to continue their call on a bigger group of richer countries to contribute too, and perhaps not only if they can make a profit from these investments. If countries want to join the OECD, they can also provide a bit more climate finance in line with their capabilities. This is also an issue that might be placed on the agenda of COP31 in Antalya or an issue to discuss with the host country Türkiye.

**Amplify the voice of other developing countries and NGO's that make the case that climate finance should go to least developed countries and that South-South cooperation could be expanded with this aim in mind.**

Richer countries of the G77 + China group have different interests than the most vulnerable ones in the climate talks, notably the small island development states and least developed countries. Perhaps China, India and Saudi Arabia are more capable in claiming climate finance for the group, but their efforts also undermine the willingness of countries like the Netherlands to pay, since they cannot justify giving climate finance to these countries, and in any case the support for providing assistance to other countries for their development is waning as described above. This means that it is even more important that asks are made by the ones most vulnerable and that it is also clear that they would be the beneficiaries of the funds and will spend it in an effective and transparent way.

Currently NGOs point out that European countries should provide more climate finance. They also sympathize with ideas around the unfairness of inherent inequalities linked to the colonial era still defining relations between the global South and the global North. Instead, they could also point to the need for all countries with the necessary capacity to contribute to reasonable amounts to global greenhouse gas emission reductions and adaptation efforts; both at home and abroad.

Russia and China use postcolonial narratives in disinformation campaigns as well as in public diplomacy to further their own geopolitical interests. This delegitimizes cooperation with European partners amongst third countries and disrupts European society itself.<sup>91</sup> Both actors

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<sup>90</sup> T. Gehring and L. Spielmann, "The treaty management organization established under the UNFCCC and the Paris Agreement: an international actor in its own right?," *International Environmental Agreements* 23 (2023): 235–252.

<sup>91</sup> See, e.g.: Ties Dams, Tim Rühlig and Plamen Tonchev, "Does China still care about soft

aim to leverage independent civil society voices, such as those of NGO's, to do the bidding for them. This is a shared risk to NGO's and European governments that demands more awareness of Russia and Chinese information warfare, propaganda techniques and public diplomacy.

**If the EU is going to use international offsets as part of its 2040 target, exclude offsets in middle income countries such as China and consider whether credits resulting from projects developed by their investments in other countries qualify**

With the publication of the EU's package to reduce emissions by 90% in 2040 compared to 1990 levels much attention was devoted to the inclusion of international offsets up to 3% of the effort. Singapore is currently already using article 6 of the Paris Agreement and has defined what kind of offsets are eligible and in which countries.<sup>92</sup> Japan is a frontrunner in this field too.<sup>93</sup> For these countries and for the EU it is hard to imagine credits resulting from climate action in China to be eligible, but credits resulting from Chinese investments abroad might be considered differently. On the one hand, these activities are usually linked to economic benefits for China in any case and compete with the EU's own investments abroad under its Global Gateway. On the other hand, allowing in such credits may give the EU a bargaining chip towards China. It could use this to push on developing country status, demand synergies with Global Gateway investments or to obtain other asks.

**Point out to Chinese counterparts how China's exemptions to hard commitments on climate action and finance undermine support for climate action, finance and multilateralism in the Netherlands and the EU**

Lastly, there is a need for the Netherlands and the EU to be more honest in the negotiations about what is possible in terms of their own climate action and finance commitments. Within the EU, support for climate policy and international development aid is under pressure, but climate negotiators for understandable reasons have sympathy for the demands of vulnerable countries that are hit hard by extreme weather events. Particularly the climate delegates working on climate finance often have a background in development assistance and see how this could alleviate devastating climate impacts. They are also sympathetic to the equity arguments and sometimes even use the global South label in their own language.

This is all very understandable but does not reflect the shift that has taken place in societies in the EU member states. On the one hand, energy transition efforts are continuing since the EU, much like China, has a continued interest in reducing its fossil fuel import dependencies. On the other hand, however, such efforts require upfront investments, which citizens resist to and

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power? Assessing the diversity of approaches in Europe," in *China's Soft Power in Europe ETNC Report* (Clingendael, 2021); Ties Dams & Monika Sie Dhian Ho, "[Will the European hero please stand up?](#)," *Clingendael*, April, 2021; European Union External Action, *3rd EEAS Report on Foreign Information Manipulation and Interference Threats* (Brussels: Strategic Communication and Foresight, 2025); Mikhail Komin, "[Deconstructing Russia's anti-colonial posturing in the global south](#)," *European Council for Foreign Relations*, November 27, 2024; Alexander Wooley, "[Russia and China are rebranding themselves as 'anti-colonial' powers – and countries are falling for it](#)," *The Globe and Mail*, May 19, 2023.

<sup>92</sup> "[Singapore signs first Implementation Agreement with Papua New Guinea to collaborate on Carbon Credits under Article 6 of the Paris Agreement](#)," Ministry of Sustainability and the Environment Singapore, December 7, 2023.

<sup>93</sup> "[Second Advisory Group Meeting of Paris Agreement Article 6 Implementation Partnership \(A6IP\)](#)," Ministry of the environment Government of Japan, March 28, 2025.

link to “soft” climate objectives they do not want to pay for. Europeans also do not want to share clean technologies with partner countries free of charge but rather aim to sell them. There is moreover a growing tendency to reduce dependency on imported clean tech from China, which is considered the result of non-market overcapacity, or in other words unfair competition because heavily subsidized.

In engagements with China, it might be better to be open about these dilemma’s, since the diminishing interest in and commitment to the international climate regime by the EU jeopardizes this regime as such. Indeed, the EU has been a driving force of multilateral climate cooperation, and it would be unhelpful for China should such cooperation collapse completely. After all, it is still the place where stakeholders gather, and climate action is pushed forward to reduce fossil fuel use and climate impacts. This will help to achieve faster the global energy transition that both the EU and China have a strong interest in.

**Figure 11:** Policy recommendations for the EU and the Netherlands



## 7.1 A matter of principle: settling for less?

Although for the EU the developing country status of China in the climate regime may be a source of frustration, it is also a fact that it needs to deal with. As a matter of principle, China is adamant to retain its status, but perhaps it can be pursued to give up more of the privileges

linked to it, and to downplay its use and related accusations towards developed countries. It should be of utmost importance for the EU to convince China to depart from its anti-European narrative implicit in some of its climate diplomacy, as the basis for its support is receding, and the imperative to cooperate has never been this strong.

If the climate regime is primarily understood as a global effort to reduce the worlds' dependency on fossil energy, and thereby avert dangerous climate change, it is crucial to lower the tensions over climate finance and China's developing country status. This also requires efforts within the EU and a member state like the Netherlands, including requests to European NGOs, to resist frames that emphasize equity, neo-colonialism and global South as homogeneous group of (poor) developing countries.